

# Seattle City Light Advisory Board

Carol S. Arnold, Randall W. Hardy, Jay F. Lapin, Sara Patton, Gary Swofford, Donald M. Wise

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July 26 2005

Honorable Jean Godden  
Seattle City Councilmember  
City Hall  
PO Box 34025  
Seattle, WA 98124-4025

Re: Seattle City Light Advisory Board

Dear Councilmember Godden:

The Advisory Board is disappointed and puzzled by your letter of July 18, 2005. First, we respectfully disagree that the City's governance of Seattle City Light is an inappropriate subject for the Advisory Board's work plan. Second, we firmly believe that the Board has performed our duties effectively. We have all devoted months and months of work on the critical issues facing City Light. We have used our best efforts to effectively advise the Mayor, the Superintendent, and the City Council, and we are surprised that you think we have failed to devote sufficient attention and effort on the subjects identified in its establishing ordinance (Ordinance 121059). And, finally, we cannot agree that the Board is prohibited from "advocating" its recommendations with regard to the governance issue or any other subject of its work for City Light.

**Governance.** We believe that the Board's review of City Light governance is plainly sanctioned by our establishing ordinance. Ordinance 121059 authorizes the Board to provide advice on "policies, business strategies, and performance oversight related to the utility's finances, power supply, power marketing, risk management," and other issues. Since the Board began meeting in the spring of 2003, we have included the subject of governance in our work plans because we believe it is not possible to provide meaningful advice on performance oversight related to any of the utility's activities without addressing governance – the means by which the City exercises control and oversight of the utility. There is nothing in the Ordinance which would limit our inquiry as you suggest. Indeed, it is precisely our "industry-specific" expertise and decades of experience in business, finance, utility operations, law and environmental protection, which have led us unanimously to conclude that governance may hold the key to enhancing the performance of City Light in the future.<sup>1</sup>

As you are aware, the Energy and Environmental Policy Committee has consistently acknowledged and endorsed our work plans on governance over the last two years. Ordinance 121059 allows the Board to develop its own work plans, in consultation with the Mayor, the Council and the Superintendent, and we have consistently shared our work plans with the Council and staff and have received none of the objections which your letter now raises. To the contrary, EEP Committee members have assured us they were "glad you are going into" the governance issue, that "everything should be on the table," that the issues involved, while "delicate," were also "extremely important," and that the Board's input on these

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<sup>1</sup> The City Light Review Committee, whose report led to the ordinance creating the Advisory Board, expressly recognized that at the end of the Board's term the City should review the governance of City Light and that the perspectives of the Board on governance should be taken into account. "Seattle City Light: Protecting the Jewel in the City's Crown," Final Report of the Mayor's City Light Review Committee, Seattle Washington, October 2002, at 15-16.



matters would be "very helpful." (EEP Committee Meeting of August 19, 2004.)<sup>2</sup> At the February 23, 2005 EEP Committee Meeting, when our detailed work plan for 2005 was presented, you asked the Board's Chair what our timetable was for bringing the Board's conclusions and recommendations on governance to the Mayor and Council. Following her reply, you said, "We are very glad to have you here at the moment...." "We are terribly impressed with the work that you have been doing."<sup>3</sup>

We are therefore puzzled that you now seem to be taking the position that issues of governance are somehow not within the very broad scope of the Board's mandate. We are particularly disappointed that you would exercise your prerogative to refuse to fund focus groups or other fair and balanced means for securing the views of ordinary residential ratepayers on the governance of City Light as part of our effort to learn as much as we can about this important issue before making our recommendations. In any event, we fully intend to continue with our planned work in the governance area, including our consultations with stakeholders in the community, and to present our report at the end of the year. We would welcome your constructive suggestions and the participation of your staff in this effort. We ask that you not prejudge the value of our efforts until you read our report.

**Other Work of the Board.** The Board has devoted and continues to devote substantial time and effort to the full range of issues facing City Light, as identified in your letter. In fact, your list could have come from our First Annual Report, where we laid out a comprehensive framework and detailed recommendations for City Light to make progress in each of these areas. Aside from our two annual reports, our monthly Board meetings and our testimony at EEP Committee hearings, we have spent a considerable amount of time providing advice to the Superintendent and senior members of his staff on all these matters. We have participated in several strategic planning sessions, participated in briefings on risk management issues, reviewed and critiqued the progress of the Integrated Resources Planning process, and have been extensively involved in advising the superintendent on organization and personnel policy issues. We devoted hundreds of hours this year alone to rates policies and in related task forces, workshops and informal meetings with representatives of the Council and the Executive. We have never failed to answer a question or request from the Council, and we stand ready to respond to any appropriately framed question you or your colleagues may have. However, given the thousands of uncompensated hours we have devoted to the City as Advisory Board members over the past two years and the care we have taken to keep the Council informed of our activities, we are surprised and disappointed that you feel it is appropriate at this late date to chastise and instruct us in our duties.

**The Board as Advocate.** You express concern in your letter that our consultations with stakeholders and community groups on governance may involve "advocacy." Your letter asserts that our establishing ordinance specifically prohibits the Board from any "advocacy activities."

Let us reassure you that we intend to avoid advocacy in our forthcoming discussions of the governance issue with stakeholders and community groups. We want to listen to what these groups have to say and get their ideas in shaping our final recommendation. We have sought input from council staff on the draft agenda we are using to frame our discussions with these groups, and staff is welcome to attend the meetings.

However, this does not mean, once we develop our final conclusions on this subject, that we will not recommend publicly that they be adopted. We believe that there is nothing in the Ordinance that prohibits this – indeed, we believe it is our obligation to do so. Here is what the City Light Review Committee, whose recommendation to create the Advisory Board was adopted in Ordinance 121059, said in its Report about the role of the Board:

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<sup>2</sup> See web cast of 8/19/2004 EEP Committee Meeting at 56 minutes and following,  
[http://www2.cityofseattle.net/media/DispVideoList\\_SC.asp?CatID=26](http://www2.cityofseattle.net/media/DispVideoList_SC.asp?CatID=26)

<sup>3</sup> See web cast of 2/23/2005 Committee EEP Meeting at 39-42 minutes,  
[http://www2.cityofseattle.net/media/DispVideoList\\_SC.asp?CatID=26](http://www2.cityofseattle.net/media/DispVideoList_SC.asp?CatID=26).



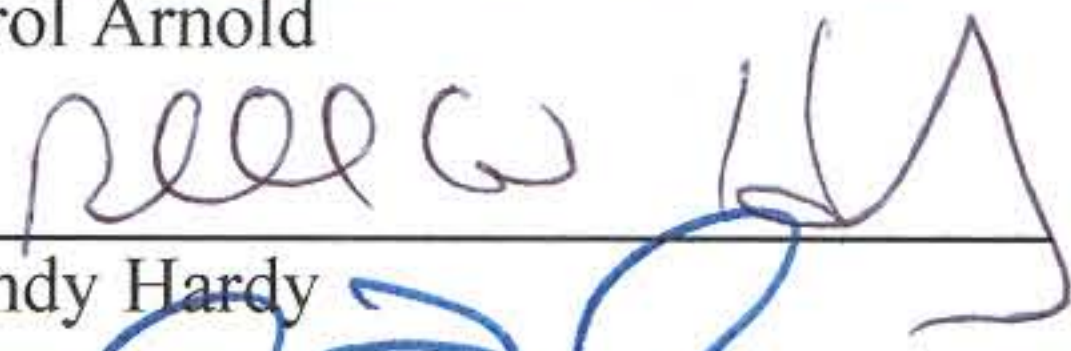
"[A] strong independent [Advisory] board ... is critical to providing an independent voice regarding utility oversight, helping to insulate City Light from short-term political pressures. ... An independent board would help bring balance to this equation by creating a respected, knowledgeable, and independent body to provide strategic advice, even advocacy, on key policies." (Report at 13.) (Emphasis supplied.)

There is nothing in the Ordinance that undermines this vision of the role of the Advisory Board, let alone prohibits such advocacy. The provision you cite <sup>4</sup> is merely intended to ensure that Board members are appointed for their expertise and not as representatives of particular interest groups (e.g., business or public interest organizations) or as advocates for such groups within the Board.<sup>5</sup> It would torture the language of the Ordinance and defy common sense to conclude that a "strong, independent board" could somehow provide advice without being able to advocate its recommended course of action.

We cannot agree with your conclusion that we do not have the right, indeed the obligation, to publicly advocate specific solutions to the problems we address as a volunteer board of non-partisan experts. We would, of course, prefer to work with the Mayor and the Council to achieve consensus on the solutions we propose. The best way to do this is to enhance communications and cooperation among all parties. As a start, we would welcome the opportunity to have frank and constructive face-to-face discussion with you and your Committee about the issues raised in your letter.

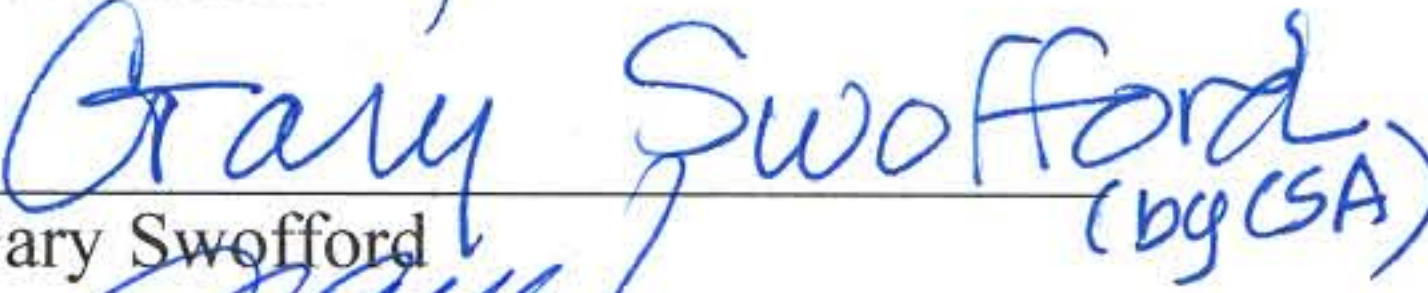
Respectfully submitted,

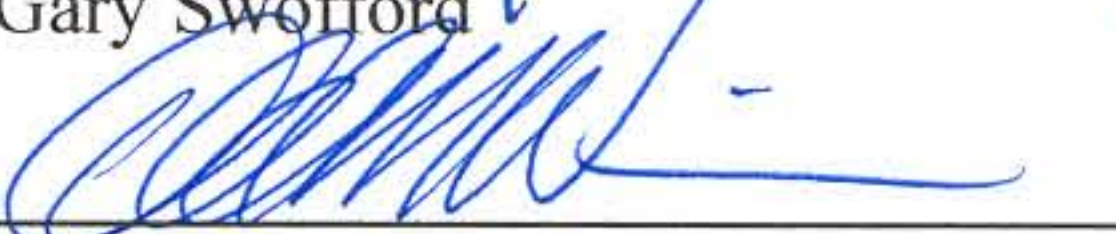
  
Carol Arnold

  
Randy Hardy

  
Jay Lapin

  
Sara Patton

  
Gary Swofford (by SA)

  
Don Wise

cc: Mayor Greg Nickels  
Council President Jan Drago  
Councilmember Jim Compton  
Councilmember David Della  
Councilmember Tom Rasmussen  
Councilmember Richard Conlin  
Superintendent Jorge Carrasco, Seattle City Light  
Alec Fisker, Office of Policy Management

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<sup>4</sup> "It is the City's intent that the Advisory Board serves as technical experts who are appointed based on expert industry-specific knowledge and not serve as an advocate on particular issues or as a voice for specific interest groups." (Section 2.)

<sup>5</sup> The City Light Review Committee made it clear what this provision was really about: "The composition of the board is intended to provide expert, diverse perspectives and not be representational." (Report at 15.)